



January 11, 2019

Legislature Returns

The State Legislature reconvened on Monday, January 7th for the 2019-2020 legislative session. Upon their return, policy committee hearings on bills of interest may begin soon.

Administration Appointments

Following the inauguration of Governor Gavin Newsom on Monday, January 7th, the new Administration has begun to appoint cabinet secretaries and other support staff to various state agencies and Departments. The new Governor announced the appointment of two agency secretaries this week. Karen Ross will continue to lead the California Department of Food and Agriculture and Jared Blumenfeld will replace Matt Rodriguez as Secretary of the California Environmental Protection Agency. Blumenfeld served eight years as the Regional Administrator of the US Environmental Protection Agency for the Pacific Southwest Region under President Obama. Prior to his role at US EPA, he was Director of the San Francisco Department of Environment under then-Mayor Newsom. The Governor has also appointed Kate Gordon as the Director of the Office of Planning and Research who previously served as Senior Vice President for Climate and Energy at San Francisco-based think-tank, Next Generation, managed by Tom Steyer. *Staff contact: Jim Houston, jhouston@cfbf.com or 916-446-4647.*

2019-2020 State Budget Proposal

On January 10th of each year, the Governor releases his proposed budget highlighting their budgetary and policy priorities. Following the release of this budget, the Administration negotiates with the Legislature and stakeholders for adjustments, add/remove new programs and advocate for additional funding for specified activities. Following these negotiations and after inclusion of new tax revenues, the Governor released a revised version of their proposed budget in May.

Considering the January 10th deadline, Governor Gavin Newsom has released his [proposed budget](#) for the 2019-2020 fiscal year totaling \$209 billion (\$144 billion of which is from the State's General Fund). While this does represent a 4% increase in baseline expenditures from the 2018-19 budget, it does constitute a larger amount of one-time funding rather than ongoing dedicated expenditures than in prior years. Governor Newsom's budget assumes generally positive revenue projections with a 3.2% growth rate (namely in personal income, sales and corporate tax revenues), but does invest in the State's Rainy-Day Reserve Fund to total \$19.4 billion, well above the statutory mandate and 15.3% above prior years' investment. The Governor also proposes to eliminate outstanding expenditures in debts and deferrals (previously the \$34.7 billion "Wall of Debt") and to pay down unfunded liabilities (PERS and STRS liabilities) at a total of \$5 billion over the next three fiscal years. The majority of the Governor's budget (53%) is proposed for education and health and human services programs. Below is a synopsis of budgetary items of note relevant to Farm Bureau members:

Cap and Trade

The Governor's budget proposed a \$1 billion Cap and Trade Expenditure Plan, which is a \$400 million reduction from the 2018/19 budget. Included in the \$1 billion fund is \$230 million to go towards AB 617 implementation. The proposed budget also includes \$43 million for Climate Smart Agriculture programs: \$18 million for the Healthy Soils Program and \$25 million for methane reduction. The methane reduction funds will go towards both dairy digesters and the Alternative Manure Management Program. Finally, the Cap and Trade Expenditure Plan includes \$25 million for agricultural diesel engine replacements (ARB's FARMER Program), which is down from \$132 million provided in last year's budget.

Department of Food and Agriculture

- \$2.5m General Fund and \$2.5m Special Fund and 65 positions to expand detection, suppression and eradication work of the Asian Citrus Psyllid and Huanglongbing (HLB);
- \$4.2m General Fund and 8 positions at CDFA to enact the provisions of the Biodiversity Initiative which will address noxious weeds, plant and animal invasive species, seed and germplasm banking for biodiversity and create a soil carbon map for California;
- 6 positions for the initiation of the Industrial Hemp Program;
- \$3m General Fund to address structural deficiencies at CDFA's Hawaii Fruit Fly Rearing Facility, the Plant Pest Diagnostic Center, the California Animal Health and Food Safety (CAHFS) laboratory, and fairgrounds;

Department of Fish and Wildlife

The Governor also proposed an additional \$1.49 million to go to the Department of Fish and Wildlife to support the eradication of nutria. As of November, over 330 nutria have been taken in California across Merced, Stanislaus, San Joaquin, Fresno, Tuolumne, and Mariposa Counties. As of September, a breeding population of nutria has been identified within the legal Sacramento-San Joaquin Delta in San Joaquin County.

Department of Forestry and Fire Protection (CAL-FIRE)

Governor Newsom's 2019-20 Budget Proposal includes more than \$600 million in funding for the Department of Forestry and Fire Protection (CAL-FIRE) to improve the health and condition of California's forests. California's forests are an appalling disaster that was shaped from decades of excessive regulation destined to destroy the state's once thriving timber industry and leaving California's rural communities in financial ruin. Climate change or not, 2018 marked the fourth consecutive year in which California faced catastrophic wildfire; and the 2018 California wildfires killed more than 100 individuals, destroyed more than 22,000 homes and scorched nearly 2 million acres. It's clear that the state has a resource management issue and has failed to adequately fund management practices designed to reduce threat posed by wildfire or adapt to climate variabilities, drought and pests.

The Governor's proposal as it relates to forest management are positive first steps in grappling a multi-faceted problem with jurisdictional limitations. The proposal includes \$200 million from the Greenhouse Gas Reduction Fund (GGRF) as provided for by Senate Bill 901 (Dodd, 2018). Senate Bill 901 contained meaningful reforms to California's forest management practices, including a five-year appropriation of \$200 million annually (totaling \$1.0 billion). In addition to the funding provided by Senate Bill 901, Governor Newsom is proposing another \$415.1 million to improve the conditions of California's forests. This includes more than \$200 million for fire prevention efforts and fuel reduction projects, including grants for forest health projects and operation of yearlong prescribed fire crews. *Staff contact: Robert Spiegel, rspiegel@cfbf.com or 916-446-4647.*

State Water Resources Control Board

The Budget proposes a \$1.4 billion budget with 2,129 staff. Major program changes include:

- \$4.4 million (\$2.6 million General Fund and \$1.8 million Waste Discharge Permit Fund) and 22 staff in 2019-20 for wildfire prevention and recovery associated with SB 901 that was chaptered last year.
- \$3.4 million General Fund dollars and 23 staff in 2019-20 to establish a new Safe Drinking Water Program. The budget also includes \$20 million **one-time** General Fund dollars to support provisions of safe drinking water including, \$10 million to fund safe drinking water emergencies, and \$10 million for grants and contracts to provide services to designated water systems that need assistance complying with current drinking water standards.

Staff contact: Jim Houston, jhouston@cxbf.com or 916-446-4647.

Transportation

Governor Newsom's 2019-20 Budget Proposal will continue to implement the Road Repair and Accountability Act of 2017 [Senate Bill 1 (Beall, 2017) – "Gas Tax"]. Senate Bill 1 provides roughly \$5.4 billion annually (for the next 10 years) in funding for both state and local transportation infrastructure. The Governor's proposal provides \$4.8 billion in new Senate Bill 1 funding as follows:

- \$1.2 billion for local road repairs;
- \$1.2 billion for the repair and maintenance of the state highway system;
- \$400 million to repair and maintain the state's bridges and culverts;
- \$307 million for improvements to trade corridors;
- \$250 million for congested commuter corridors;
- \$458 million for local transit operations;
- \$386 million for capital improvements for transit, commuter, and intercity rail;
- \$100 million for active transportation projects;
- \$200 million for Local Partnership projects in regions that have voter approved taxes, tolls and fees related to transportation.

Staff contact: Robert Spiegel, rspiegel@cxbf.com or 916-446-4647.

Agricultural Education

Assemblymember Jay Obernolte (R-Big Bear) has introduced AB 28, a bill which would establish a state seal for STEM authorizing school districts to award the seal on high school diplomas on graduates that achieve specific grade point averages or Advanced Placement scores in science, technology, engineering and/or mathematics courses. The K-12 agricultural education pathway includes strong components of STEM curriculum allowing graduates to receive additional distinction. Farm Bureau is evaluating support for this proposal. *Staff contact: Taylor Roschen, troschen@cxbf.com or 916-446-4647.*

Cannabis

Senator Robert Hertzberg (D-San Fernando) has reintroduced SB 51, a bill which would establish the Cannabis Limited Charter Banking and Credit Union Law which would allow for the licensure of cannabis charter banks and credit unions to service lawful cannabis businesses. *Staff contact: Taylor Roschen, troschen@cxbf.com or 916-446-4647.*

Commodities

The Department of Food and Agriculture has released a review of California's 2017-18 agricultural statistics. Highlights include: a 5.7% increase in 2017 farm gate values from 2016 at \$50.13 billion; a specific increase to \$5.6 billion in cash receipts for almonds; predominance of dairy as the leading

agricultural commodity (\$6.56 billion, up 8.2% from 2016); and continual lead by California in the national cash receipts for agricultural products with the combined commodities totaling 13.4% of the Nation's production. The report can viewed [here](#). *Staff contact: Taylor Roschen, troschen@cfbf.com or 916-446-4647.*

The Department of Food and Agriculture has announced three openings on their Feed Inspection Advisory Board to make recommendations to ensure feed inspections contribute to clean and wholesome supplies of milk, meat and eggs. Vacancies include three commercial feed industry representatives and applicants must hold a current CA Commercial Feed license. Interested parties should submit a resume and a completed [questionnaire](#) via email to: brittnie.sabalbro@cdfa.ca.gov or mail to: California Department of Food and Agriculture; Feed Fertilizer and Livestock Drug Regulatory Service Branch; Attn: Brittnie Sabalbro; 1220 N Street Sacramento, CA 95814. *Staff contact: Taylor Roschen, troschen@cfbf.com or 916-446-4647.*

The Department of Food and Agriculture has announced a vacancy on the Shell Egg Advisory Committee which makes recommendations regarding shell egg quality, inspections, fees, enforcement, and budgeting. The vacancy is for an alternate industry representative. Interested applicants should send a resume by February 8th to: Anthony Herrera; California Department of Food and Agriculture; 1220 N Street Sacramento, CA 95814. *Staff contact: Taylor Roschen, troschen@cfbf.com or 916-446-4647.*

Industrial Hemp

The Department of Food and Agriculture has announced a vacancy on the Industrial Hemp Advisory Board for a representative who intends to register as a grower of industrial hemp, specifically, seed production, seed conditioning, marketing, and/or seed utilization. The member will serve for a three-year term with an appointment ending May 31, 2020. This board will advise the Department and make recommendations on matters including, but not limited to industrial hemp seed law and regulations, enforcement, annual budgets, and the setting of an assessment rate. Interested applicants should send a brief resume to the following: California Department of Food and Agriculture, Pest Exclusion Branch, ATTN: Michelle Phillips, 1220 N Street, Room 344; Sacramento, CA 95814. *Staff contact: Taylor Roschen, troschen@cfbf.com or 916-446-4647.*

Land Use

The Strategic Growth Council has approved grant guidelines for the Sustainable Agricultural Land Conservation (SALC) Program which funds agricultural conservation easements and planning efforts by local jurisdictions to conserve agricultural lands and by extension, support compact-development and reduce greenhouse gas emissions. To date, the SALC Program has awarded \$123.9 million protecting 91,000 acres of agricultural land and supporting 8 regional strategies for ag land planning. The amount available for funding is yet to be determined. Pre-proposals or concept proposals for easement projects are due April 17th, 2019. Pre-proposals for planning grants are due September 13th, 2019. Interested applicants should seek more information [here](#). *Staff contact: Taylor Roschen, troschen@cfbf.com or 916-446-4647.*

The California Coastal Commission is now soliciting early comments from stakeholders regarding the development of its 2019-2024 Strategic Plan, which is intended to guide the agency's planning functions, including: climate change, coastal resources, enforcement, environmental justice, local coastal program planning, public access and public engagement. The draft Strategic Plan will be available in Spring 2019 for further public comment. The Commission's former 2013-2018 Strategic Plan can be viewed [here](#). Early comments will be accepted until January 31, 2019 and can be submitted [here](#). California Farm Bureau will likely be providing initial public comment in the interest of protecting coastal agriculture as

a coastal resource and we encourage County Farm Bureaus and individuals to do so, as well. Please contact CFBF staff for assistance. *Staff contact: Taylor Roschen, troschen@cfbf.com or 916-446-4647.*

Pest Management

The Department of Pesticide Regulation has released the solicitation for the Pest Management Alliance Grant Program. The Department will award a total of \$400,000 (\$50,000-\$200,000 per project) for projects that promote the adoption of reduced-risk pest management systems and practices on a regional scale. DPR will consider projects of up to 33 months in length. Eligible applicants include governmental and tribal agencies, universities, colleges, consultants, pest control businesses, commodity groups, marketing orders, and nonprofit organizations. The solicitation can be reviewed [here](#). The deadline for concept applications are due February 1st by 5pm and should be submitted via email to: dprpmgrants@dpr.ca.gov. *Staff contact: Taylor Roschen, troschen@cfbf.com or 916-446-4647.*

Water

The State Water Resources Control Board proposes a State Wetland Definition and Procedures for Discharges of Dredged or Fill Material to Waters of the State (WOTS). Consisting of four major elements:

1. A wetland definition,
2. A framework for determining if a wetland is a water of the state,
3. Wetland delineation procedures,
4. An application for dredge or fill activities.

The proposed procedures will impact agriculture through an expanded wetland definition that includes any land with hydric soils and hydrology (e.g., rice) regardless of whether the land has wetland plants; will regulate prior converted croplands, which until now have been exempt from federal definitions of regulated water; and will require permits for any conversion of prior converted croplands lands to non-agricultural use unless permitted by the federal government. The State Board will hold a workshop on January 22, 2019 and will hold a public meeting to consider adoption on February 5, 2019. *Staff contact: Danny Merkley, dmerkley@cfbf.com or 916-446-4647.*